

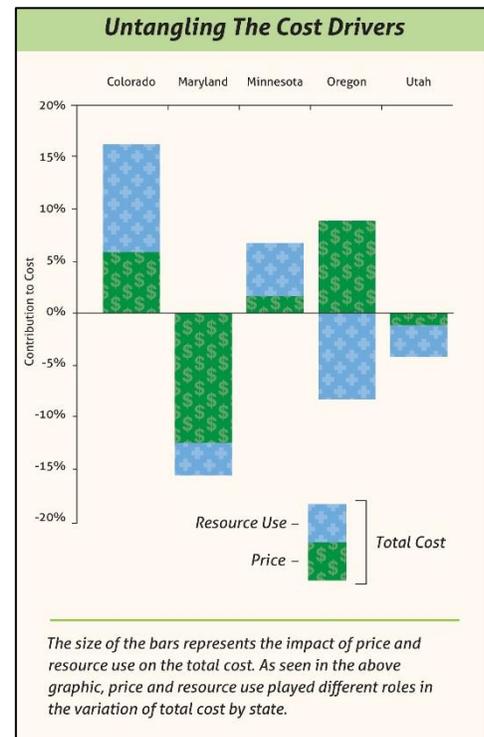
LOCAL HEALTHCARE NORMS AND PRICES LEAD TO COST DISPARITY ACROSS STATES

New Healthcare Cost Comparison Shows Lower Health Care Prices Drive Maryland’s Lower Cost of Care

February 13, 2018, Baltimore, MD — A new report released by the [Network for Regional Healthcare Improvement](#) (NRHI), a national non-profit representing regional health improvement collaboratives (RHICS) and state partners working to achieve better, more affordable healthcare, shows that Maryland may offer good health care value to employers and their employees compared to four other states that have launched similar data systems that measure spending by the privately insured.

[Healthcare Affordability: Untangling Cost Drivers](#), is NRHI’s second annual report comparing the total cost of care in various U.S. regions. Like other recent studies, *Untangling Cost Drivers* finds that healthcare costs vary widely between states. The NRHI report, however, is focused on how different care delivery patterns and local prices have led to significant cost differences between Oregon, Utah, Colorado, Minnesota, and Maryland. The considerable differences in the cost of healthcare in five states is largely driven by local patterns of resource use and pricing, according to the report. Each state’s results tell a story, giving stakeholders insight into the role that local practice patterns, demographics, and market factors make in driving their healthcare costs.

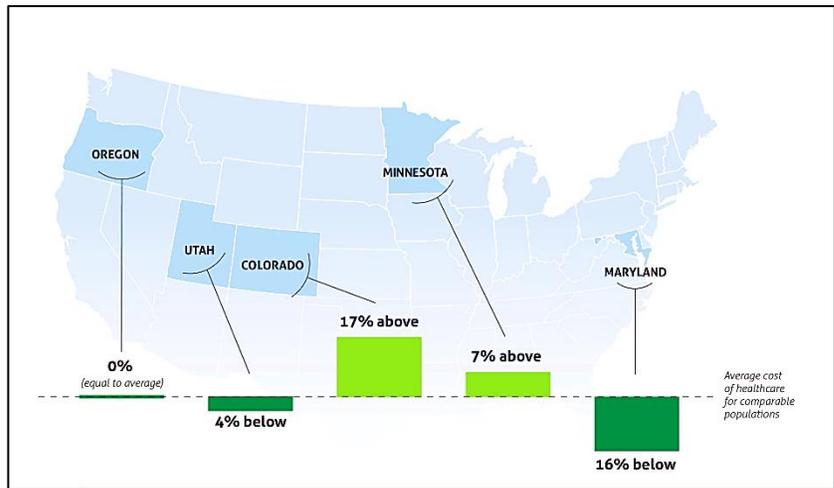
Among the five states, Maryland was lowest, with total cost 16 percent lower than the average, risk-adjusted per member, per month cost across the participating regions. Maryland’s cost performance was driven by price, which was lowest among the regions at 13% below the group average. On resource use, the State ranked in the middle, with total resource use 3% below the group average. By type of service, Maryland had the lowest risk-adjusted costs for inpatient, outpatient, and professional services, but ranked fourth in pharmacy cost at 7% above the average. The results for 2015, the most recent year for which consistent data are available for all five states, mirrors results for 2014 where Maryland also ranked lowest.



These results demonstrate that the State’s new all-payer model is yielding benefits to private sector employers and their employees, as well the Medicare and Medicaid programs, said Ben Steffen, Executive Director of the Maryland Health Care Commission, a state agency that is a member of NRHI. Steffen went on to note that while results from this report are positive, the study also showed that the Maryland privately insured are somewhat sicker than peers in other states. Steffen concluded by stating, “under the models now underway, providers must pay as much attention to keeping people healthy as they do to efficiently treating them when they are ill.”

(more)

Across states, inpatient care saw the greatest variation in price. Hospital prices were 16 percent higher than the benchmark in Oregon and Colorado compared to 12 and 14 percent below the benchmark in Maryland and Utah, respectively. This variability occurred in every category of care except pharmacy pricing, which is largely attributable to the influence of a few, large pharmacy benefit managers and pharmaceutical manufacturers' national pricing policies.



“With one of every six dollars in the American economy going to healthcare, it’s imperative that we determine what is driving healthcare costs,” said Elizabeth Mitchell, president and CEO of NRHI. “You can’t fix what you don’t understand, but with reliable and actionable information on cost drivers we can enable healthcare stakeholders to make the changes needed to bring down the cost of care. America’s healthcare cost crisis will not be solved by data – but it cannot be solved without it.”

NRHI has collaborated with several of its member RHICs on its total cost of care initiative since November 2013. The national comparison detailed in this report is supported by practice-level reporting that each member does in its region. In 2015 alone, healthcare cost information on more than five million patients attributed to approximately 20,000 individual physicians was shared in seven regions across the country. Maryland, along with three of the other states participating in this 2015 effort, also participated in the 2014 benchmark study released by NRHI in January 2017. Despite population changes in several of the participating states, the 2015 report found year-over-year consistency, which highlights the regional norms in care delivery and pricing.

With the publication of this report, NRHI now has two sets of regional cost comparisons, and another round is scheduled for release in late 2018. With three years of data, trends will begin to emerge to support existing hypotheses and/or challenge long-held assumptions.

###

****A Virtual Media Briefing on this report will be held on February 13, 2018 at 1:00 PM ET. To attend, click the following link: <https://nrhi.zoom.us/j/412460925>****

About the Maryland Health Care Commission

The mission of the Maryland Health Care Commission (MHCC) is to plan for health system needs, promote informed decision-making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policy makers, purchasers, providers and the public.

About NRHI

The Network for Regional Healthcare Improvement (NRHI) is a national membership organization of regional health improvement collaboratives (RHICs) and partners across the United States. Our members work in their regions, and collaborate across regions, to transform healthcare and achieve better health, and high quality affordable care.